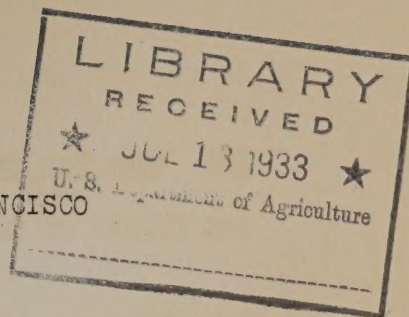


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San Francisco

TENTATIVE MARKETING AGREEMENT
PROPOSED AND DRAFTED BY
THE COOPERATIVE MILK PRODUCERS ASSOCIATION FOR SAN FRANCISCO
AND THE
MILK DEALERS ASSOCIATION OF SAN FRANCISCO
TO BE SUBMITTED WITH APPLICATION FOR
PUBLIC HEARING BY THE SECRETARY OF AGRICULTURE
AT WASHINGTON, D. C.



SAN FRANCISCO MILK SHED AGREEMENT

As used in this Agreement, the following words and phrases shall be defined as follows:

- (a) "Contracting producer" means and includes the Cooperative Milk Producers Association for San Francisco, and such other producers and associations of producers of "fluid milk" sold or consumed in the San Francisco metropolitan area as may become parties signatory to this Agreement according to the terms thereof.
- (b) "Contracting distributors" means and includes the members of the Milk Dealers Association of San Francisco, and such other distributors and/or processors of "fluid milk" in the San Francisco metropolitan area as may become parties signatory to this Agreement according to the terms thereof.
- (c) "Fluid Milk" is milk and cream which is supplied to the consumer in the natural fluid state, or prepared for human consumption without being converted into any other form or product, as distinguished from manufacturing milk, defined as "market milk" in the Agricultural Code of the State of California and such fluid derivatives thereof, and including cottage cheese, sold by "contracting distributors" in the San Francisco metropolitan area.

- (d) "The San Francisco Metropolitan Area" means and includes the City and County of San Francisco, California.
- (e) "San Francisco Milk Shed" means and includes ranches the producer-operators of which now hold permits from the San Francisco Board of Health to ship milk into the "San Francisco Metropolitan Area".
- (f) The San Francisco Milk Trade Board is an unincorporated Association, hereafter to be incorporated as a non-profit corporation under the laws of the State of California, controlled jointly by certain contracting producers and distributors for arbitration, for advertising milk, for the gathering and discussion of statistical and other information, and generally for the advancement of the interests of the Milk Industry of the San Francisco Milk Shed.
- (g) "Secretary" means the Secretary of Agriculture of the United States.
- (h) "Act" means the Act of Congress whose short title is Agricultural Adjustment Act, approved May 12, 1933.

PARTIES to this Agreement are the "contracting producers", parties of the first part, the "contracting distributors", parties of the second part, and the "Secretary", party of the third part.

WHEREAS, pursuant to the "Act", the parties hereto, for the purpose of correcting the conditions now obtaining in the marketing of "fluid milk" in the San Francisco metropolitan area, desire to enter into a marketing agreement under the provisions of the "Act", and

WHEREAS, the members of Cooperative Milk Producers Association for San Francisco, and other signers of this Agreement, market more than

sixty-five per cent of the "fluid milk" distributed and consumed in the "San Francisco metropolitan area" and the signers of this Agreement represent that they have corporate power and authority to enter into this Agreement, and

WHEREAS, members of the Milk Dealers Association of San Francisco and/or other signatories to this Agreement distribute more than sixty-five per cent of the "fluid milk" distributed in the "San Francisco metropolitan area", which said "fluid milk" is substantially all of the "fluid milk" marketed by the members of the Milk Dealers Association of San Francisco and/or distributors signatory to this Agreement as aforesaid, and

WHEREAS, the production, processing, distribution and marketing of "fluid milk" produced in the "San Francisco Milk Shed" for distribution in the "San Francisco metropolitan area" is inextricably intermingled with the production, processing and marketing of milk and cream for manufacturing into butter and other manufactured milk products by the "contracting distributors" and others, and

WHEREAS, the price received by "contracting producers" from the "contracting distributors" and the price properly receivable by the "contracting distributors" from the consuming public is dependent upon the price of butter and other products made from surplus milk produced by the "contracting producers" and others within and without the State of California, and

WHEREAS, "fluid milk", "fluid cream", butter and other manufactured products produced, processed, manufactured and distributed in the "San Francisco Metropolitan Area" and the "San Francisco Milk Shed"

enter into and effect both the current of interstate and foreign commerce and the current of intrastate commerce which are inextricably intermingled.

NOW, THEREFORE, In consideration of the premises, the parties hereto agree as follows:

(1) The prices at which "fluid milk" shall be sold by the "contracting producers" and purchased by the "contracting distributors" for distribution or consumption in the "San Francisco Metropolitan Area" shall be those set forth in Exhibit "A", which is attached hereto and made a part hereof. The prices set forth in Exhibit "A" may be changed by agreement between the "contracting producers" and the "contracting distributors", provided, however, that such price changes shall become effective only upon the written approval of the "Secretary".

Payments made to the Cooperative Milk Producers Association for San Francisco and other producers associations and the producers' share of the expenses to be paid to the San Francisco Milk Trade Board in accordance with paragraph 4 hereof shall both, respectively, be deemed part of the price paid to producers.

(2) The wholesale, resale and retail prices at which "fluid milk" shall be distributed by the "contracting distributors" in the various parts of the "San Francisco Metropolitan Area" shall be those defined and set forth in Exhibit "B".

(3) The production control plan attached hereto and made a part hereof and marked Exhibit "C", shall be binding upon the "contracting producers" as to all matters therein required on their part to be per-

formed and upon the "contracting distributors" as to all matters therein required on their part to be performed. Such production control plan may be modified by agreement between the "contracting producers" and the "contracting distributors", provided, however, that any changes in the production control plan or any changes in prices paid to the "contracting producers" or received by the "contracting distributors" shall become effective only upon the written approval of the "Secretary".

(4) (a) "Contracting producers" and any "contracting distributors" having production of their own, agree that they will file, prior to the tenth day of each month, with the San Francisco Milk Trade Board, a statement of the quantities of milk sold, or in the case of a contracting distributor, produced for sale as "fluid milk", during the preceding month. "Contracting Distributors" agree to file at the same time and place a statement of the quantities of milk purchased from producers and the amounts purchased from each producer.

(b) "Contracting producers" authorize and direct the "contracting distributors" to deduct $1/3\phi$ for each pound of butter fat contained in "fluid milk" sold to "contracting distributors" and to pay the same to the San Francisco Milk Trade Board. "Contracting distributors" having production of their own, agree to deduct a like amount for each pound of butter fat contained in milk produced and sold by them and to pay the same to San Francisco Milk Trade Board, said fund to be expended by the San Francisco Milk Trade Board under the supervision of the "Secretary".

(c) The members of the Cooperative Milk Producers Association for San Francisco authorize the "contracting distributors" to deduct an additional $1/3\phi$ for each pound of butter fat contained in "fluid milk"

sold to said "contracting distributors" and to pay the dues to that Association of which each "contracting producer" is a member.

(d) From the independent producers non-members of the above producer association the "contracting distributors" shall deduct an additional $1/3\phi$ for each pound of butter fat contained in "fluid milk" purchased from said non-members and shall pay the same to the San Francisco Milk Trade Board. This sum shall be kept as a separate fund by the said San Francisco Milk Trade Board, and disbursed by it as approved by the "Secretary", so as to secure to said producers, benefits similar to those now received by members of the producers association by virtue of their payments to the said producers association.

(e) Each member of the Cooperative Milk Producers Association for San Francisco or of other producers associations authorizes the "contracting distributors" to whom his milk is sold to deduct from the amount due him from the "contracting distributors" such assessment not to exceed 1 cent per pound butter fat as may be required by the San Francisco Milk Trade Board for carrying out the Production Control Plan in Exhibit "C", such deductions to be paid over to the San Francisco Milk Trade Board for the purpose of equalizing the loss to the entire industry of handling surplus milk.

(f) From each independent producer not a member of any of the above-mentioned producers associations the "contracting distributors" shall deduct from the amount due him from the "contracting distributors" such assessment not to exceed 1 cent per pound butter fat as may be required by the San Francisco Milk Trade Board for carrying out the

Production Control Plan in Exhibit "C", such deductions to be paid over to the San Francisco Milk Trade Board for the purpose of equalizing the loss to the entire industry of handling surplus milk, accounting of said sums to be reported monthly to the "Secretary".

(g) The "contracting distributors" agree that they will not purchase fluid milk from any producers who do not make the required reports to the San Francisco Milk Trade Board, or who in any way violate the provisions of the basic surplus plan set forth in Exhibit "C".

(5) The "contracting producers" and the "contracting distributors" hereby agree that they will abide by the San Francisco Board of Health Regulations and particularly those covering Grade A Milk, and also with the applicable health regulations of any state, county, or city.

(6) The "contracting producers" and the "contracting distributors" hereby agree that they will abide by the Code of Ethics and Rules and Regulations, described as Exhibit "D" and made a part hereof.

(7) The "contracting producers" and "contracting distributors" hereby agree that they will abide by and support the Fact Finding and Statistical program, described as Exhibit "E" and made a part hereof.

(8) The "contracting producers" and the "contracting distributors" shall, as and to the extent required by the "Secretary", severally maintain systems of accounting which shall be satisfactory to the "Secretary", and their respective books and records shall be subject to his examination during the usual hours of business and they shall severally, from time to time, furnish to the "Secretary", on and in accordance with

the forms to be supplied by the Department of Agriculture, such information as the "Secretary" may request.

(9) This Agreement shall become effective at such time as the "Secretary" may determine and shall continue in force until the last day of the month following the aforesaid effective date and thereafter from month to month, except that:

(a) The "Secretary" may (and shall upon request of either seventy-five per cent of the "contracting producers" or seventy-five per cent of the "contracting distributors", such percentages to be measured by volume of "fluid milk" marketed or distributed, respectively,) by notice in writing deposited in the registered mail, and addressed to the Cooperative Milk Producers Association for San Francisco and other producer signatories to this Agreement, and the Milk Dealers Association of San Francisco, members thereof and signatory "contracting distributors", at the respective addresses now on file with the "Secretary", on or before the 20th day of any month, terminate said contract as of the end of such month.

(b) The "Secretary" may, for good cause shown as of the end of any month, terminate this Agreement as to any party or parties signatory thereto by notice in writing deposited on or before the 20th of such month in the registered mail and addressed to such party or parties at the address or addresses of such party or parties on file with the "Secretary".

(c) This Agreement shall, in any event, terminate whenever Title I of the "Act" shall cease to be in effect or whenever the President or

or Congress shall terminate those provisions of the "Act" which authorize this Agreement.

(10) The benefits, privileges, and immunities conferred by virtue of this Agreement shall cease to exist upon the termination of this Agreement and the benefits, privileges, and immunities conferred by virtue of this Agreement upon any party or parties signatory hereto shall cease to exist upon the termination of this Agreement as to such party or parties.

IN WITNESS WHEREOF, the said parties hereto have caused this Agreement to be duly executed in triplicate originals on this _____ day of _____, 1933.

INDEPENDENT PRODUCER,

THE COOPERATIVE MILK PRODUCERS
ASSOCIATION FOR SAN FRANCISCO.

By _____

By _____
President.

Secretary.

PARTY OF THE FIRST PART.

(SEAL)

"Contracting Distributor".

PARTY OF THE SECOND PART.

EXHIBIT "A"

PRICE TO PRODUCERS

The price to be paid producers for all Grade "A" fluid milk purchased by "Contracting Distributors" conforming to the San Francisco Board of Health regulations for such milk, shall be 55¢ per pound butterfat, f.o.b. plant, San Francisco. This purchasing price, together with the resale price schedule, to go into effect at the time the marketing agreement is approved by the Secretary.

The minimum purchase price to be paid producers of butterfat for distribution as sweet cream shall be identical with the price paid per pound butterfat by condenseries but in no case shall the amount be less than San Francisco 92-score butter quotation plus 4¢ f.o.b. cream station.

All purchases in any month shall be paid for on or before the 15th of the succeeding month.

There shall be a 3¢ penalty deducted by "Contracting Distributors" per pound of butterfat for milk having a bacteria count in excess of 25,000, the amount of deductions thus made to be paid to the San Francisco Milk Trade Board, for expenditure by it subject to monthly reporting to the "Secretary".

EXHIBIT "B"

WHOLESALE, RESALE and RETAIL PRICES

TERMS NET - NO QUANTITY DISCOUNT

Commodity	Size of Container	Wholesale Price	Minimum Store Resale Price	Minimum Retail Delivered Price
Milk, Grade "A" Pasteurized Bulk	3 Gals. or more Less than 3 Gals.	.30 per gal. .32 " "		
Bottled Milk	Quarts Pints Half Pints	.08 ea. .05 " .03 "	.10 ea. .06 " "	.11 ea. .07 ea. "
Certified Milk	Quarts Pints			.17 " .12 "
Skimmed Milk	Cans	.15 per gal.		
Table Cream, Bulk Bottled	10 Gals. or more Cans (3-9 Gals.) Quarts Pints Half Pints Fourth Pints	.25 per lb. 1.35 per gal. .40 ea. .25 " " "	B.F. over S.F. butter quotation " " ".18 ea. less 20% .10 ea. less 20%	92-score " ".75 ea. ".38 " ".19 " ".10 "
Pastry Cream, Bulk Bottled	10 Gals. or more Cans (3-9 Gals.) Quarts Pints Half Pints Fourth Pints	.25 per lb. 1.75 per gal. .55 ea. .30 " " "	B.F. over S.F. butter quotation " " ".23 ea. less 20% .12 ea. less 20%	92-score " ".90 ea. ".45 " ".25 " ".13 "
Sour Cream	Half Pints	1.20 per gal.		.17 "
Buttermilk Cultured	1 Gal. Can Quarts Pints	.15 " .07 ea. .05 "	.09 ea. .06 "	.10 " .07 "

EXHIBIT "B"

Buttermilk Churned	1 Gal. Can	.25 per gal.		
	Quarts	.08 ea.	.10 ea.	.11 ea.
	Pints	.06 "	.07 "	.08 "
Cottage Cheese	3-5 lb. Cartons	.12 lb.		
	1/2 lb. "	.10 ea	.12 ea.	.12 "
Acidophilus	Quarts			.30 "
	Pints			.20 "
Fer Millac	Quarts			.12 "
	Pints			.09 "
Goat Milk	Quarts			.30 "
	Pints			.20 "

Bulk milk containing butterfat in excess of 3.8% shall be sold at an additional price of 1¢ per gallon for each additional .01 of butterfat.

Relief milk shall be sold at the retail store selling price.

Bottled milk not to exceed 4% butterfat. "Grade "A" Double-Capped Milk shall not exceed 4.3% butterfat and shall sell for a minimum of 1¢ over regular capped milk. All special capped milk shall sell for a minimum of 1¢ per unit over standard capped milk. Milk sold in half pint bottles testing over 4% butterfat shall sell for a minimum of 1¢ over regular price.

Table cream shall not exceed 28% butterfat. Pastry cream shall not exceed 38% butterfat. These prices for wholesale table and pastry cream shall be increased 4¢ per gallon for each 1% of butterfat above 28% and 38% respectively.

Milk sold from retail stores requires 3¢ deposit per bottle until same is returned.

EXHIBIT "C"

PRODUCTION CONTROL PLAN

The shipping quota for each producer shall be based upon his quota of record with the "Contracting Distributor" or distributors to whom he sold fluid milk for sale as Grade "A" milk, as determined by the amount of such quota in October, November and December of each year for the three years

of 1930, 1931 and 1932 or such years as he was selling such milk divided by the number of years involved. In the case of a producer distributor his quota shall be established on the same basis as determined by the records of production for those years and months filed with the San Francisco Board of Health.

If and when more milk is needed for temporary market requirements quotas may be temporarily increased on a percentage basis.

Quotas shall belong to the person who holds the shipping permit from the San Francisco Board of Health, so long as he holds such permit.

Any quota may be assigned in writing by the owner either with the farm, with the herd, with both or without either in the same manner and subject to the same law as a chose in action or other personal property.

If a quota or at least a part thereof is not used for a period of six consecutive months it shall lapse.

All quotas shall be subject to equitable adjustment by the quota committee of the San Francisco Milk Trade Board, with right of appeal within thirty days to the "Secretary" or his duly designated agent.

The shipping quotas are only to be used to determine from time to time the amounts to be paid for as basic and surplus milk and are not to be taken as definite amounts which must be purchased or sold.

The shipping quota for those producers who now have permits to ship milk into the "San Francisco Metropolitan Area" and who have no shipping quota on record with "contracting distributors" shall be allotted a shipping quota by taking their average daily shipments of "Grade A" milk for the months of October, November, and December, 1932.

New producers who do not now have permits to ship into the San Francisco Metropolitan Area", and if they hereafter procure such permits,

will be allowed, during the first ninety (90) days in which they ship "Grade A" milk produced by them, a shipping quota equal to 60% of their average daily shipments for said ninety days. This shall be their shipping quota for twelve months thereafter, at which time their shipping quota shall be adjusted in an equitable manner by the quota committee of the San Francisco Milk Trade Board, subject to appeal within thirty days to the "Secretary" or his duly designated agent.

EXHIBIT "D"

CODE OF ETHICS AND REGULATIONS

THE FOLLOWING TRADE PRACTICES ARE PROHIBITED:

- (1) Offering bonuses to a competitor's producers either in the form of a higher price or change in conditions affecting price for the purpose of unfairly coercing or injuring competitor.
- (2) The obtaining of supplies of milk by making special inducements not warranted by general market conditions.
- (3) Bribing or subsidizing employees of others.
- (4) Inducing employees to leave services of a competitor to the latter's temporary or permanent embarrassment or with the intent or effect of securing the trade or milk supply of such a competitor.
- (5) Making up or disseminating false cost statements.
- (6) Making false or disparaging statements either written or oral or circulating harmful rumors respecting the competitor's products, selling price, business, financial or personal standing.
- (7) Giving away of goods or samples which would have virtually the effect of rebates.
- (8) Simulating a distinctive feature of a competitor.
- (9) Use of returnable containers belonging to a competitor.
- (10) The giving of secret discounts or rebates for any purpose whatsoever.
- (11) False or misleading or injurious advertising or spreading of false statements by advertising, printed, written or oral.
- (12) Untrue statements regarding the matter of pasteurization and B. F. content of milk or cream.

- (a) Such as claiming pasteurization for milk that has not been heated to at least 142 degrees F., and held at that temperature for at least thirty minutes.
 - (b) Such as claiming the B. F. content in excess of actual test.
- (13) Claims as to source of supply that cannot be substantiated.
- (14) Claims of certain virtues or benefits as to its use that cannot be substantiated.
- (15) To extend the cream line by the use of homogenizing or emulsifying of the cream or any other artificial process.
- (16) Distribution of products of a better grade than the product they are supposed to represent.
- (17) Lottery Premiums: Giving or offering premiums for consideration of merchandise or money, the premiums to be determined by lottery.
- (18) It is to be the duty of all "Contracting Distributors" and "Contracting Producers" to cooperate with the Public Health authorities.
- (19) It shall be the duty of "Contracting Distributors" and "Contracting Producers", and not an unfair practice or objectionable in any sense of the word, for a "Contracting Distributor" or "Contracting Producer" to make a report of unethical conduct, unsatisfactory conditions, or illegal practices, to the San Francisco Milk Trade Board in writing and to supply the said Board with sufficient evidence to thoroughly substantiate the report.
- (20) It is to be considered unethical to give free and dairy products or other commodities or equipment to dealers, as a concession to secure new business or to new openings of additional stores by an established dealer.
- (21) Gifts & Premiums: The giving of any dairy product or article of merchandise, regardless of its nature or material constitutes a premium, and is considered unethical.
- (a) Advertising Allowances. Advertising allowances, either cash or merchandise, to new or old stops are considered unethical.
 - (b) Loans. Loans directly, indirectly, or guarantees to new stops or markets where such financial assistance is given to secure the milk business are considered unethical.
 - (c) All gifts to school teachers, doctors, nurses, or others who may influence the selection of a particular brand, are unethical.

- (d) Free milk to apartment house owners or managers or others, regardless of the size of the stop, is strictly prohibited.
 - (e) Ice delivered to the retail or wholesale trade is not allowed under any circumstances.
 - (f) It will not be permissible to place or paint signs on or about buildings in an attempt to secure competitor's business, and in no case shall any allowance or rental be given for signs.
- (22) The granting of discounts or concessions of such nature as to enable a store or other retail dealer to conduct sales causing dairy products to be used as a drawing attraction will also be considered unethical.
- (23) Service shall be discontinued to stores not adhering to established resale prices and in event of discontinuance of service to such stores, other "Contracting Distributors" will not serve the customer in question for a period of at least thirty days thereafter.
- (24) "Contracting Distributors" will report to the Milk Trade Board any instances where services to stores have been discontinued because of failure to adhere to established resale prices.
- (25) "Contracting Distributors" will report immediately in writing to the Milk Trade Board all violations of this Code of Ethics and Regulations.
- (26) "Contracting Distributors" and "Contracting Producers" shall be responsible for all acts of their employees or representatives.
- (27) "Contracting Distributors" and "Contracting Producers" shall be responsible for the unethical conduct of any peddlers who may be supplied with dairy products by them.
- (28) "Contracting Distributors" and "Contracting Producers" shall not permit route drivers, salesmen, or peddlers to cover the same territories or routes that may have been served by them formerly within a six-months' period, while in the employ of a competitor.
- (29) Not more than eight days credit shall be extended to purchasers of wholesale milk or cream for any such milk or cream purchased after the date of approval of this agreement by the "Secretary", if such approval is given.
- (30) If a customer changes the "Contracting Distributor" from whom he purchases his milk and cream, the distributor taking over the business thereafter immediately will pay to the "Contracting Distributor" losing the business any indebtedness due such "Contracting Distributor".

EXHIBIT "E"

FACT FINDING AND STATISTICAL SERVICE

For the purpose of effecting orderly and economic price changes in accordance with conditions indicated by facts reliably gathered and prepared by a neutral third party, it is agreed, as heretofore, that the San Francisco Milk Trade Board will continue its fact finding and statistical work through the Division of Markets, State Department of Agriculture. All work undertaken will be agreed upon in advance by the San Francisco Milk Trade Board.

